

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:) No. G 05-46
)
 The Market Conduct Examination of) FINDINGS, CONCLUSIONS,
) AND ORDER ADOPTING REPORT
Great-West Healthcare)
of Washington, Inc.) OF
)
) MARKET CONDUCT EXAMINATION
 Authorized Domestic Health Care)
 Service Contractor)

BACKGROUND

An examination of the market conduct of **Great-West Healthcare of Washington, Inc.** (the Company) as of December 31, 2003, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company, domiciled in the state of Washington, holds a Washington certificate of authority as a health care service contractor.

This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on March 29, 2005. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

Great-West Healthcare of Washington, Inc.
 Report of Market Conduct Examination
 June 30, 2005

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 Street Address: 1000 Capitol Blvd. • Tacoma, WA 98401

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 42 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Great-West Healthcare of Washington, Inc.** and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the instructions and recommendations prior to the date of this order. The Instructions and Recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on pages 31 and 32.

1. The company is ordered to cease using entity names that are not registered as HCSCs with the OIC. Reference: RCW 48.44.015(1). Instruction 1, Report Page 8.
2. The company is ordered to cease referring to itself as a health maintenance organization as it is not registered as such. The Company must immediately revise all forms and other materials referring to itself as an HMO and provide proof to the OIC that this has been done within 90 days of adoption of this report. Reference: RCW 48.46.027(1). Instruction 2, Report Page 9.
3. The company is ordered to maintain adequate accounts and records and to facilitate future examinations by promptly providing the examiners with requested information. Reference: RCW 48.44.145(2). Instruction 3, Report Page 10.
4. The company is ordered to cease using any false, deceptive, or misleading information in its advertising materials. Reference: RCW 48.44.110. Instruction 4, Report Page 11.
5. The company is ordered to cite its source of statistics in its advertising materials. Reference: WAC 284-50-110(3). Instruction 5, Report Page 12.
6. The company is ordered to include its legal name in its advertising materials. Reference: WAC 284-50-150. Instruction 6, Report Page 12.

7. The company is ordered to maintain a complete advertising file. Reference: WAC 284-50-200. Instruction 7, Report Page 12.
8. The company is ordered to implement procedures that will enable it to readily provide enrollees and prospective enrollees with a list of disclosure items. Reference: WAC 284-43-820(1) through WAC 284-43-820(3). Instruction 8, Report Page 12.
9. The company is ordered to clearly represent the terms, benefits, and advantages of any contract that may be presented in its advertising materials. Reference: RCW 48.44.120, WAC 284-50-050. Instruction 9, Report Page 12.
10. The company is ordered to file a copy of its procedures for review and adjudication of complaints with the OIC. Reference: RCW 48.43.055. Instruction 10, Report Page 15.
11. The company is ordered to amend its grievance processes so that they are in compliance with Washington law. Reference: RCW 48.43.530. Instruction 11, Report Page 15.
12. The company is ordered to cease limiting independent review to appeals concerning medical necessity and to allow for independent review services for any service disputes. Reference: RCW 48.43.535. Instruction 12, Report Page 15.
13. The company is ordered to implement utilization review procedures so that decisions are reached within two (2) business days upon receipt of information for proposed admissions and services. Reference: RCW 48.43.520, WAC 284-43-410. Instruction 13, Report Page 21.
14. The company is ordered to investigate and process coordination of benefits concurrently instead of closing claims and waiting for additional information. Reference: Chapter 284-51 WAC. Instruction 14, Report Page 21.
15. The company is ordered to process women's health care claims without the necessity of a referral. Reference: RCW 48.42.100, WAC 284-43-250. Instruction 15, Report Page 21.
16. The company is ordered to pay claims for emergency care without the necessity of a referral or preauthorization for treatment. Reference: RCW 48.43.093. Instruction 16, Report Page 21.
17. The company is ordered to assure that all agents and brokers are licensed for the appropriate lines of business prior to allowing them to solicit business for or represent the company. Reference: RCW 48.17.060(1), RCW 48.17.060(2), RCW 48.44.011(2). Instruction 17, Report Page 23.
18. The company is ordered to amend and to file its provider contract forms to bring them

into compliance with prescribed standards. Reference: WAC 284-43-320 through WAC 284-43-340. Instruction 18, Report Page 29.

19. The company is ordered to not openly display its certificate of registration. Reference: RCW 48.44.150. Recommendation 1, Report Page 8.
20. The company is ordered to consider reviewing its business practices regarding the offering of self-funding arrangements to groups under 51 lives to assure that the arrangement is financially sound and appropriate for the group. Recommendation 2, Report Page 10.
21. The company is ordered to pay all claims for health services that have prior authorization. Reference: RCW 48.43.525(1). Recommendation 3, Report Page 19.
22. It is ordered that the company consider fixing its system to allow pended claims. Reference: WAC 284-43-321(2). Recommendation 4, Report Page 19.
23. The company is ordered to consider automating the flagging of clean and unclear claims in its computer system to assure accurate claim count and clean claim percentage calculations. Reference: WAC 284-43-321(2). Recommendation 5, Report Page 19.
24. The company is ordered to consider adding the ability to include multiple reason codes to notify providers and facilities of specific reasons for claim denials. This will allow the company to discontinue the practice of manually splitting line items on claims. Reference: WAC 284-43-321(4). Recommendation 6, Report Page 19.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington this 30th day of June, 2005.

A handwritten signature in black ink, appearing to read "Mike Kreidler". The signature is fluid and cursive, with the first name "Mike" and last name "Kreidler" clearly distinguishable.

MIKE KREIDLER
Insurance Commissioner